



Interim results 31 December 2012

4 February 2013

Andrew Whalley, Chief Executive Officer
David Crockford, Finance Director

Strategic relationship with BlackRock

- REG has entered a long-term strategic alliance with a fund managed by BlackRock
- BlackRock is a leading global investment manager with c.\$3.7 trillion of assets under management
- The strategic alliance comprises the three key elements described below:
- **The sale of:**
 - ▶ Sancton Hill Wind Farm, 10MW
 - ▶ South Sharpley Wind Farm 6MW
 - ▶ For a consideration of £32.1m which comprises
 - Upfront cash consideration £16.2m
 - Deferred consideration £0.6m
 - BlackRock assuming net debt £15.3m
 - ▶ Intention is for REG to sell Orchard End (4MW) wind farm to BlackRock once commissioned in late Spring
- **A long term Asset Management Agreement (“AMA”) under which REG will manage;**
 - ▶ Sancton Hill and South Sharpley wind farms
 - ▶ Orchard End when completed
 - ▶ All future wind farms sold by REG to BlackRock
 - ▶ Potential to include other wind farms in the BlackRock portfolio
- **An Asset Investment Agreement (“AIA”)**
 - ▶ Providing a framework for future co-operation between BlackRock and REG under which BlackRock may acquire additional wind farms from REG which REG decides to sell

Funding growth, creating value

The transaction with BlackRock and the establishment of a long term relationship;

- Demonstrates the value of REG's portfolio
 - ▶ At just over £2m per MW this is at the upper end of recent prices paid
- Provides access to long term low cost of capital partner
 - ▶ Which could facilitate external deals in addition to REG sourced projects
- Creates a new, high quality income stream from Asset Management
- Substantially boosts REG's net asset value and reduces gearing
- Finances opportunity for a share buy back programme
- The sale of assets releases equity for reinvestment;
 - ▶ To fund the construction of 2 energetic Cornish schemes
 - **St Breock (10MW)**
 - Annual P50 output of around 33GWh per annum
 - **Denzell Downs (10MW)**
 - Annual P50 output of around 32GWh per annum
 - ▶ Facilitates the build out of our near term pipeline
 - **10MW** of further consents awaiting construction
 - **c80MW** of assets awaiting planning determination
 - **c65MW** of further applications forecast to enter the planning system this financial year



Financial Review – Income Statement

	Wind	Biopower	Central Costs	6 months ended 31 Dec 2012	6 months ended 31 Dec 2011	Year ended 30 June 2012
MW	51.15	8.55	-	59.7	49.7	59.7
MWh	63,017	1,219	-	64,236	57,000	108,000
	£m	£m	£m	£m	£m	£m
Revenue	6.0	0.5	-	6.5	6.3	12.1
Cost of Sales	(1.8)	(0.4)	-	(2.2)	(1.8)	(3.7)
Gross Profit	4.2	0.1	-	4.3	4.5	8.4
Administration	(1.6)	(0.3)	(0.6)	(2.5)	(2.3)	(4.7)
Development - external	(0.4)	-	-	(0.4)	(0.6)	(1.0)
EBITDA	2.2	(0.2)	(0.6)	1.4	1.6	2.7
Depreciation and amortisation	(1.4)	(0.2)	-	(1.6)	(1.5)	(3.3)
Finance income / (cost)	(0.9)	-	-	(0.9)	-	(0.8)
Share based payments	-	-	(0.1)	(0.1)	-	(0.2)
Exceptional items	-	-	(0.5)	(0.5)	(0.1)	(0.4)
Tax	0.2	-	-	0.2	0.1	0.2
PAT/(LAT)	0.1	(0.4)	(1.2)	(1.5)	0.1	(1.8)

13% growth in output year-on-year

70% gross margin, a 5% increase on EBITDA year-on-year

Costs associated with sale of assets to BlackRock

No significant additions to cost base in period

An increasing proportion of external spend capitalised as development portfolio matures

Financial review – Balance Sheet and cash

	31 December 2012	30 June 2012
NON-CURRENT ASSETS	£m	£m
Intangibles	16.8	15.1
Property, plant and equipment	53.8	67.2
	70.6	82.3
CURRENT ASSETS		
Trade and other receivables	5.4	7.0
Assets held for sale	20.0	-
Cash and restricted cash	16.0	18.1
	41.4	25.1
CURRENT LIABILITIES		
Trade and other payables	(4.2)	(4.9)
Liabilities associated with assets for sale	(9.5)	-
Borrowings	(1.7)	(1.4)
	(15.4)	(6.3)
Long term liabilities	(35.3)	(35.8)
Deferred Tax	1.3	0.8
NET ASSETS	62.6	66.1

• £9.9m of free cash at period end, £6.1m restricted

• Post year end cash flows included

• 6MW Burnthouse Farm TSA of £4.5m

• Net drawdown of South Sharpley loan at c£5.8m

• £16.1m of asset disposal proceeds

• Balance of CAPEX in January £2.0m

• Future opportunities for equity include;

• Balance of 6MW Burnthouse Farm

• 10MW St.Breock and 10MW Denzell Downs, likely to be pre-construction debt financed

• St.Breock planning deferred consideration

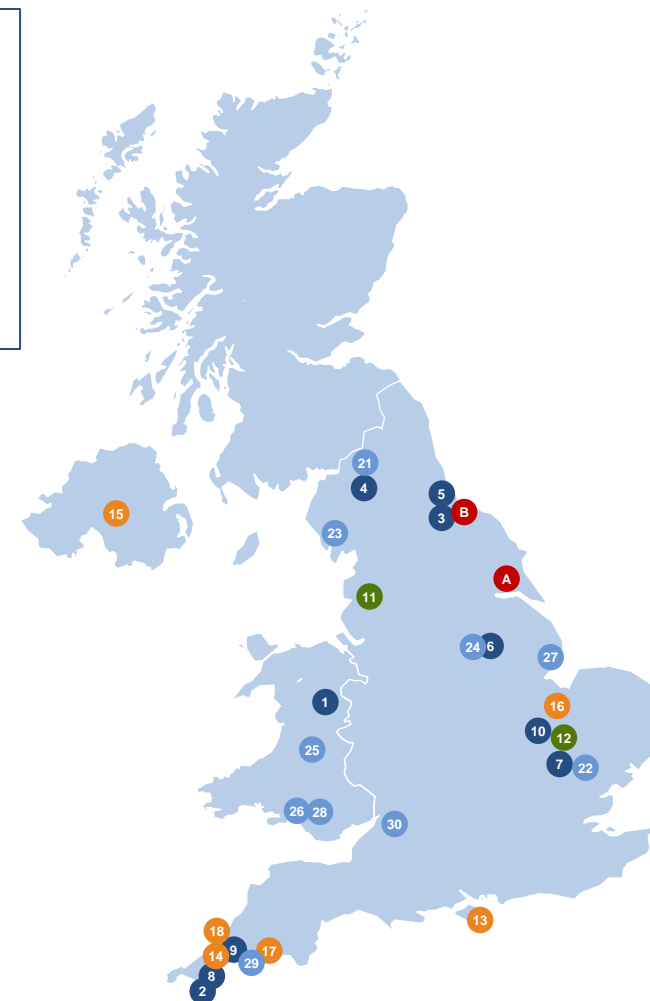
• 4MW at Draperstown in conjunction with our partner, Creagh Concrete

• 6MW of further consented assets

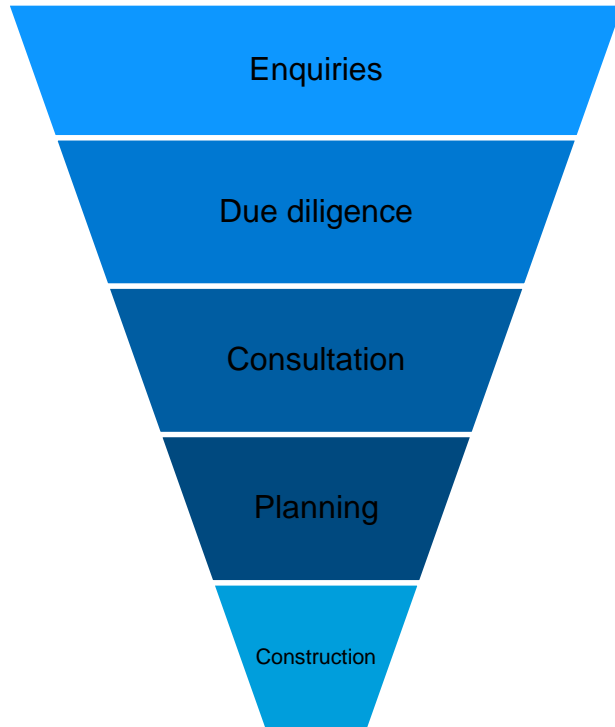
Wind portfolio

REG has a development pipeline of 1,000MW of which approximately 400MW consists of mid to late stage development projects. Operating, construction and consented wind projects represent c.81MW, with an additional 16MW operated on behalf of BlackRock

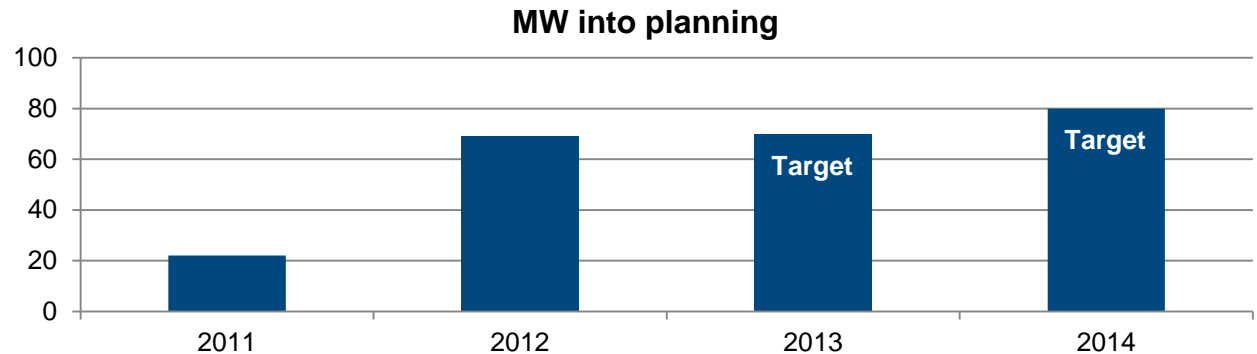
Site	Location	Status	MW	
1	Braich Ddu	Gwynedd	Operating	3.9
2	Goonhilly Downs	Cornwall	Operating	12.0
3	High Haswell	County Durham	Operating	4.0
4	High Pow	Cumbria	Operating	3.9
5	High Sharpley	County Durham	Operating	2.6
6	Loscar	Yorkshire	Operating	4.5
7	Ramsey	Cambridgeshire	Operating	1.8
8	Roskrow Barton	Cornwall	Operating	1.7
9	St. Breock	Cornwall	Operating	5.0
10	Whittlesey	Cambridgeshire	Operating	1.8
Total Operating Wind			41.2	
11	Orchard End	Lancashire	Construction	4.0
12	Burnthouse Farm	Cambridgeshire	Construction	6.0
Total Construction			10.0	
13	Cheverton Down	Isle of Wight	Consented	1.2
14	Denzell Downs	Cornwall	Consented	10.0
15	Draperstown	Co. Londonderry	Consented	4.0
16	French Farm	Cambridgeshire	Consented	4.0
17	High Down	Cornwall	Consented	0.9
18	St Breock Repower	Cornwall	Consented	10.0
Total Consented			30.1	
21	Hallburn	Cumbria	Awaiting Planning Determination	12.0
22	Ramsey II	Cambridgeshire	Awaiting Planning Determination	7.2
23	Langthwaite	Cumbria	Awaiting Planning Determination	12.0
24	Barlborough	Derbyshire	Awaiting Planning Determination	0.9
25	Pentre Tump	Powys	Awaiting Planning Determination	6.0
26	Mynydd Brombil	Neath Port Talbot	Awaiting Planning Determination	10.0
27	Bank House Farm	Lincolnshire	Awaiting Planning Determination	12.0
28	Mynydd Portref	Rhondda Cynon Taff	Awaiting Planning Determination	14.0
29	Mendennick	Cornwall	Awaiting Planning Determination	2.5
30	M48/M4	Gloucestershire	Awaiting Planning Determination	4.0
Total Awaiting Planning Determination			80.6	
Projected for submission		Pre-planning	65.0	
Total due into planning by end FY2013			65.0	
Sites identified for submission		Advanced due diligence	80.0	
Total due into planning by end FY2014			80.0	
A	Sancton Hill	Yorkshire	AMA	10.0
B	South Sharpley	County Durham	AMA	6.0
Operated on behalf of Third Party			16.0	



REG Windpower development pipeline



41.15MW owned, 16MW sold



- Strong project pipeline and investment in talented developers is delivering an increased number of schemes into the planning system
- REG's aim is to maintain this momentum and to deliver at least 70MW into planning every year
- Increasing focus on those projects to get a timely and positive result
- Excellent track record of site selection delivering healthy number of consentable projects
- Portfolio is set up to deliver sufficient quality assets to boost both REG's operating fleet and supply assets to its strategic partner over the coming years
- Geographical diversity of projects is improving

REG's strong pipeline ensures flow of projects over coming years

REG Bio-Power

- REG Bio recovers used cooking oil through proprietary patented process to an Environment Agency approved fuel called LF100
- A developing portfolio of revenue streams;
 - Provides 8MW of short term operating reserve (STOR) generating plant for National Grid
 - Opportunistic running outside STOR hours
 - Embedded CHP plant
 - Sale of LF100 to the Oleochemical markets
- REG Bio currently collects and processes around 1500 tons of fuel per annum, being long oil for its current generation needs
- Value creation will come from
 - Continued expansion of fuel collections, both domestic and industrial
 - Pipeline of large consented STOR projects
 - Pipeline of embedded CHP opportunities



Route to shareholder returns

- Recent sale illustrated value at £2m/MW, or around 9x EBITDA
- The BlackRock relationship will give REG access to a low cost of capital partner
- The opportunity for share buybacks, out of existing cash resources, will be monitored by the Board

		£m
Equity in operational wind	41.15MW	70.0
Debt associated with wind assets		(33.0)
Equity in construction assets	10MW	18.0
Planning consents	30MW	25.0
Cash and net current assets		25.0
REG Bio-Power	(book value of plant)	5.0
Other assets, incl. land		1.5
Development assets	1GW	>10.0
Total sum of parts		>120.0

Our fleet of projects and pipeline is worth at least 100p per share

Summary

- Relationship with BlackRock built on REG's strong development and construction track record
 - Allows REG to recycle capital
 - Ongoing access to a ready buyer
 - AMA offers new income stream
- 80MW of wind projects awaiting a planning decision
- 70MW in total to be submitted in this financial year
- In-house construction team able to build multiple sites quickly
 - 10MW currently in construction
 - 21MW of projects due to follow later this calendar year

A strong portfolio and a new capital partner allows REG to enhance shareholder value